

## California Industry Projections 2004-2006

The Employment Development Department's Labor Market Information Division (LMID) developed these employment projections for the fourth quarter of 2004 to the fourth quarter of 2006.

**Nonfarm wage and salary employment** in California is expected to grow at a 1.6 percent annual rate in 2005 and 2006, or a total of 473,200 new jobs by the end of 2006. Nonfarm wage and salary employment accounted for about ninety percent of total employment in California in 2004. To compute total employment, several residual employment categories—Self-employment, Unpaid Family Employment, and Farm Employment—are added to Nonfarm wage and salary employment. (A projection was not made for Private Household workers, because an adequate data source has not yet been identified.) **Total employment** in California is expected to grow at a 1.5 percent annual rate in 2005 and 2006, or a total of 475,500 new jobs by the end of 2006.

About sixty percent of new Nonfarm wage and salary jobs are forecasted to occur in the following sectors: Administrative and Support Services (15%); Retail Trade (13%); Accommodation and Food Services (12%); Construction (11%); and Health and Social Assistance (10%).

Along with producing the most new jobs, the Administrative and Support Services sector is also growing at the fastest rate—7.4 percent over two years—largely due to the growth of one of its components, Employment Services, about three-fourths of which is comprised of Temporary Help Services.

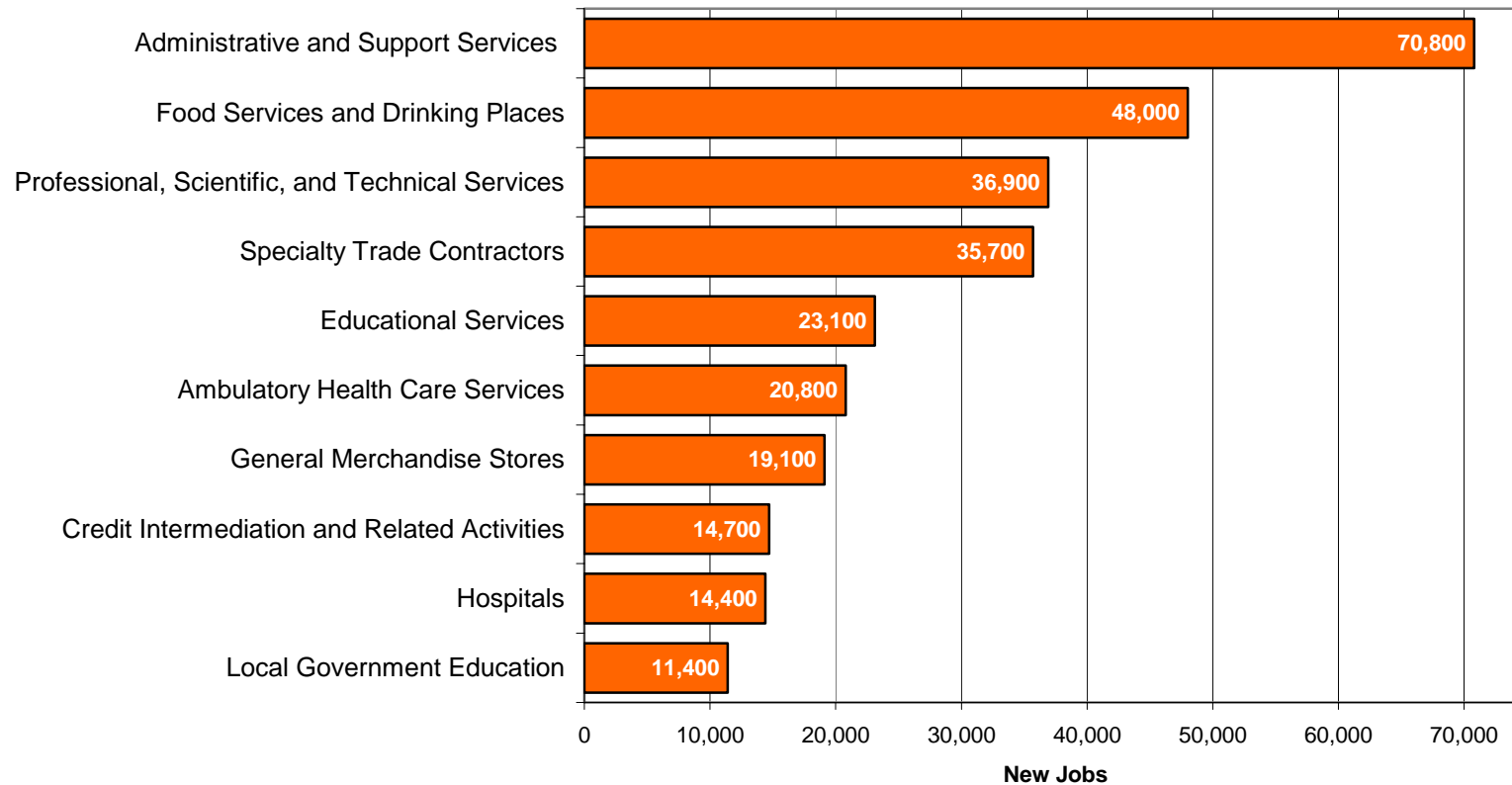
These projections assume a continuation of the boom in residential housing as reflected, in particular, by construction having the second fastest rate of projected employment growth of any major industry sector, 5.7 percent over two years.

**Methodology:** LMID staff used a method designed by a consortium of states, sponsored by the Department of Labor's Employment and Training Administration. The method relies on monthly historical time-series data for each industry. Industries are projected individually using a variety of econometric models, including some that use leading indicator data. These projections were developed while consulting other industry forecasts and were reviewed by government forecasters inside and outside LMID.

The [complete industry projections](#) are on-line.

The chart below shows the top ten growth industries by number of new jobs in California.

**California  
Top Ten Growth Industries  
2004-2006**



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